



Rural Prosperity in the LAC Region: A USAID/LAC White Paper

Introduction

- Objective of Presentation
- Purpose of Paper
- Methodology and Contributors (Direct and Indirect)

Overview

- Objectives of the Paper:
 - Primary: Suggest a framework and guidelines to assist the Bureau and Missions in developing new-era approaches to promote rural prosperity while reducing poverty, hunger and conflict.
 - Secondary: Address the contention that agriculture is not being given the role and attention it merits in efforts to foster broad-based economic growth and integration in the LAC development context.

Overview (cont)

- Approach
 - The paper is not a strategy
 - The main focus of the paper is:
 - To set a framework for a process to help get priorities right
 - To identify the right questions to better define the problem, not provide answers
 - To help identify approaches that work in certain settings and others that do not work based on lessons learned
 - To serve as broad framework needed for addressing complex problems

Setting and Rationale

- High compatibility between trade and aid, but real risk of backsliding on progress
- Disappointing past record on poverty reduction
- Bright side of story, reasons for optimism

Poverty in LAC

- Extent, Degree and Location
 - Rural vs. Urban
- Gender and Poverty
- Ethnicity and Poverty
- Multiple Dimensions of Poverty
 - Income plus Basic Needs
 - Food Insecurity
 - Chronic Malnutrition

Roots and Correlates of Poverty

- Income inequality, Poverty and Globalization
- Other Factors influencing poverty
 - Access to Assets
 - Enabling Environment
 - Markets
 - Science and Technology
 - Governance

Other Factors influencing poverty (cont)

- Enabling Environment (cont)

- Regional Context
- Economic growth
- External shocks
- Ethnicity

Paths Out of Poverty

- Multiple Pathways to Prosperity
 - An Exit Path
 - Agricultural Path
 - Pluri-active Path
 - Assistance Path

The Roles of Agriculture & Off-Farm Opportunities

- Traditional role of agriculture
- New-era agricultural opportunities
- Importance of off-farm opportunities
- Complementary roles

Economic Growth & Poverty Reduction

- Economic growth is necessary but not sufficient condition for poverty reduction
- Markets need help to have desired impact
- Interventions needed for pro-poor growth
 - Enabling environment
 - Access to assets

Evolution of the Development Context

- Changing Approaches and Lessons Learned
 - Technological Solutions/Fixes
 - Integrated Rural Development (IRD)
 - The magic of the market place
 - Let growth take care of itself and deal with those left behind

Evolution of the Development Context (cont)

- Evolving Donor Programs and Investments
 - Rise and fall of agricultural programs and investment among donors
 - Shifts to structural and macroeconomic reform
 - New priorities and further declines in rural and agricultural investments
 - USAID targets specific needs/patches of green

Government, Political Voice, Protectionism & Globalization

- The Role of Government
- Political Voice
- Protectionism and Globalization

Why Change the Strategic Approach Again Now?

- The stage is set
- To respond to globalization and free trade
- Rural Poverty is a complex problem that won't go away without targeted attention

Why Change the Strategic Approach Again Now (cont)

- Costs of maintaining the status quo are high
- Better methods of targeting are also needed to deal with extreme income, ethnic and gender inequalities

Future Directions

- Overview
 - Approach to address near and long term objectives
 - Trade-led, market-based approach
 - Focus on rural livelihoods
 - Four key action areas for policy dialogue and investment

Future Directions (cont)

- What is new?
 - Economic Setting
 - Rural enterprise income versus production focus
 - Recognition of complexity of rural economy and need for variety of interventions
 - Recognition of role of government and other governance functions
 - Linking poor with non-poor through markets with public and private actions

Strategic Considerations for the Future

- The overarching approach
- Fundamental precepts and conclusions:
guiding principles
- Opportunities for effective partnering
- Summary and Conclusions